

## **SUMMARY OF 2003 LEGISLATIVE SESSION**

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**March 7, 2003**

It is once again time to recap how the Department of Health and its programs fared for the balance of Fiscal Year '03 and for Fiscal Year '04. Please keep in mind that we are still analyzing all the bills and funding decisions to determine exactly what happened, but I believe this summary will capture the highlights for you.

At the close of the 6<sup>th</sup> Special Session in December 2002, the department was assessed an additional 2% reduction in our FY '03 budget. With that background going into the 2003 Session, I was quite concerned about the outlook for our FY '04 budget. State revenues were not rebounding as hoped, and critical programs like Medicaid and Baby Watch Early Intervention were suffering under enormous strain to meet the enrollment growth that the sagging economy is causing. Baby Watch Early Intervention is kind of like special education for disabled children from birth to age three. But rather than teaching children in a school setting, Baby Watch Early Intervention helps these infants and toddlers develop muscle, brain, and social skills that allow them to overcome or work around the limitations created by their disabilities.

Going into the Session, Governor Leavitt had requested \$30 million in new funding for the department to meet the Medicaid and Early Intervention caseload growth requirements. His request did not continue the 2% reduction taken by the Legislature in December.

When the 2003 Legislative Session started, not only was the Governor's request for \$30 million missing, but the Legislature proposed an additional 2% reduction below the December level. The biggest impact this latest 2% reduction caused was in Medicaid resulting in 6000 aged and disabled recipients losing eligibility effective March 1, 2003. In the final days of the session this decision was reversed and the funding was restored.

Throughout the Session our Subcommittee Appropriation Chairs, Representative Seitz and Senator Steele, kept the huge gap in front of Legislative Leadership. While the Subcommittee was never able to close the gap before they completed their business, they planted the seed with Leadership that the funds were critical to come up with.

This effort by the Subcommittee was augmented by Department lobbying in coordination with an army of low-income advocates, health care providers, recipients and community activists. The results were stunning by the close of the Session. In the spirit of it "takes a village to raise a child," it took the entire community working together to get Medicaid and Early Intervention the funding it needed.

### **On the Positive Side:**

- Medicaid received approximately \$30 million of new state funds to cover caseload growth, replace one-time funds used last Session, restore the aged/disabled reduction scheduled for March 1, raise the spenddown levels for aged/disabled above 100% of poverty so they can keep more of their limited income, and restore reductions in optional services like physical therapy and audiology effective July 1. When combined with federal funds, this increased

overall spending for Medicaid by approximately \$100 million. The economic impact of these funds is significant.

- The CHIP program received an increase in state funding of \$1.5 million bringing its state funding to \$7 million total. This is matched nearly 4 to 1 by federal funds. These new funds were targeted to restore the CHIP dental program with the balance to enroll more children.
- Early Intervention received \$1 million in new state funds. When combined with increased family cost-sharing we expect the total to rise to \$1.3 million. While this is not enough to cover all the new children expected to qualify in FY04, it will put us in position to refine eligibility and services to meet most of the critical need in FY04.
- Primary Care received an additional \$50,000 in state funds to offer community grants.
- The department received \$45,000 to subsidize part of the annual enrollment fee for General Assistance clients who qualify for the new Primary Care Network.
- Increased funding was provided to help offset employee health and dental benefit increases, and to cover the extra leap year work day in FY04.
- Early Legislative plans to reduce Local Health Department funding by \$100,000 did not occur.

**On the not-so-good side:**

- EDO lost funding for 2 FTE, the Division of Health Care Financing lost 8 FTE, the Division of Community and Family Health lost 2 FTE, and the Division of Epidemiology & Laboratory Services lost 1 FTE. (Two FTE in Medicaid were gained for Pharmacy Assistance.)
- Funding was eliminated for circumcision of male infant circumcision for Medicaid newborns.
- Funding was reduced in the Workforce Loan Program resulting in 6 fewer physician placements in underserved communities.
- State funding was reduced by \$55,000 for purchase of medications for HIV/AIDS patients who do not qualify for Medicaid and do not have private health coverage. The only remaining funds at this time come from the Ryan White federal grant.
- No Medicaid providers were given inflation increases – this will develop into an access problem eventually if this trend continues.
- No COLA or merit increase funding was granted for State employees.

Several important bills were passed during the Session as well. I believe these were important enough that we should send out a separate summary of them with details on why they were critical to our mission.

I wish we could have done more for employees to show our continued support and appreciation for the excellent work you do for Utahns throughout the State. However, the funding picture simply did not allow it. Please know how much I continue to appreciate all that you do, each and every day, and that I am not bashful about expressing my pride in the department's employees at every opportunity I get.

As always, I would be happy to answer any detailed questions you may have on any one of these items that might be of particular interest to you.